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September 21, 2017

Via UPS Overnight Mail

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RE: Force Majeure Notifications
Pursuant to Civil Action H-05-0258 United States v. Phillips 66 Company
and H-01-4430 United States v. Conoco

Dear Ladies and Gentlemen:

On August 30, 2017, Phillips 66 Company notified each addressee of a force majeure event (the landfall of Hurricane Harvey) per paragraphs 382 and 262, respectively, of the referenced Consent Decrees (Civil Actions H-05-0258 and H-01-4430). The purpose of this letter is to provide EPA and Louisiana with updated information related to the August 30th notice.

As reported in the initial notice, in preparation for Harvey, Phillips 66 safely shut down its Sweeny Refinery in Old Ocean Texas on August 27, 2017 and reduced operations at the Lake Charles Refinery on August 29, 2017. The Lake Charles Refinery is back to normal operation. The Sweeney Refinery is not yet fully operational.

In its August 30th letter, Phillips 66 requested suspension of certain Consent Decree requirements and enforcement discretion for other Clean Air Act or state air regulations. Phillips 66 requested and still desires force majeure coverage for:

Requirements Related to Leak Detection and Repair (LDAR) and Benzene Waste NESHAPs (BWON) at the Sweeney and Lake Charles Refineries. The shutdown of the Sweeney Refinery and the necessary storm preparation and/or response actions necessary to protect operations at the Lake Charles Refinery have prevented each facility from complying with certain LDAR and Benzene Waste NESHAPs provisions of the Consent Decree. Obvious examples include missed repair attempts, incomplete or missed monthly or quarterly component monitoring, missed weekly inspections and delayed canister change outs. Phillips 66 renews its request for a suspension of these work practice related LDAR and BWON requirements from August 25, 2017 until September 6, 2017 for the Lake Charles Refinery and from August 25, 2017 to October 15, 2017 for the Sweeney Refinery.

Flaring related to Startup or Shutdown for the Hurricane. The Sweeney and Lake Charles Refineries initially requested that flaring from the shutdown and/or startup of refinery units related to shutting in the units due to the hurricane be covered by its August 30th force majeure letter. This included flaring that is subject to Consent Decree provisions as well as any flaring that could be subject to NSPS Subpart J or Ja requirements as appropriate. As explained in more detail below, Phillips 66 is now only requesting force majeure coverage for flaring at the Sweeney Refinery. The Lake Charles Refinery did not have any flaring exceedances related to reducing its operations for the hurricane.

Sweeney

Hurricane related flaring due to shutdown activities at the Sweeney Refinery resulted in .85 tons of SO₂ from the Coker flare. Emissions of other compounds resulting from this flaring are also provided below.

Shutdown flaring emissions

- (a) VOC—13 tons
- (b) H₂S—0.04 tons
- (c) NO_x—0.16 tons

Flaring at the Coker Flare and Flare 16 from startup activities from September 4, 2017 (the first day that the Refinery began to bring units online) through September 19th have resulted in the following emissions:

Startup flaring emissions

- (a) VOC—3.3 tons
- (b) H₂S—0.15 tons
- (c) NO_x—0.27 tons

The Sweeney startup totals may continue to increase as not all units are online; however, the emissions noted are current through September 19, 2017.

To minimize shutdown and startup emissions, the Sweeney Refinery did follow its procedures for emergency or “cold” shutdowns and startup. Additionally, the facility did restart its flare gas recovery unit as quickly as it could as part of its restart operations. The Refinery will also prepare any required root cause analyses for the related flaring events. Preparing these analyses ensures that the actual shutdown and startup are reviewed for improvement opportunities.

Sweeney – PM Emissions:

The Sweeney Refinery also requests forbearance for excess PM emissions related to the shutdown and restart of its Unit 27 cat cracker. This cat cracker (FCCU) uses an electrostatic precipitator (ESP) to control PM emissions. For safety reasons (as learned from the 2015 ExxonMobil Torrance Refinery fire), the ESP must be shut off when carbon monoxide levels in the cat cracker flue gas reach a high level. It is typical for CO emissions to become high during FCCU startup and shutdown when the unit, as part of the shutdown or startup process, processes torch oil rather than crude or gas oil. As discussed in the recent Refinery Sector Rule (and below), maintaining a minimum inlet velocity in these situations can help control and minimize particulate emissions. The Refinery did maintain a minimum inlet velocity as a means to limit emissions.

The recent Refinery Sector Rule (80 Fed.Reg.75177, 75220) recognized the potential ESP safety issue when it adopted an alternative standard for FCCU heavy metal emissions (using PM as a surrogate) during startup, shutdown and hot standby. The new standard is a minimum internal cyclone inlet velocity of 20 feet/second. In order to continue to meet its obligation to use good air pollution control practices, the Sweeney Refinery proactively endeavored to meet the RSR SSM operational limit during the Harvey-related startup and shutdown activities.

The excess PM emissions from Sweeney's Unit 27 were:

- 8.4 tons PM emissions from FCCU 27 during shutdown
- 6 tons PM emissions from FCCU 27 startup

As this unit is now operating, no additional PM exceedances are anticipated.

Sweeney Ja Exceedances

Consent Decree paragraph 113 requires compliance with NSPS limits for heaters and boilers. The Refinery also experienced a souring of a portion of its fuel gas system on August 27th and 29th during the shutdown of the refinery. As a result, gas fueling the Unit 29.1 heater exceeded 162 ppm over a rolling 3-hour period 11 times over these dates. Phillips 66 believes these exceedances are exempt from the 162 ppm limit as they occurred as part of a shutdown activity. If EPA disagrees, Phillips 66 requests force majeure forbearance for these events as well.

Additionally, the Refinery exceeded its NSPS Subpart Ja baseline flow triggers for the Coker Flare once upon shutdown and, thus far, once during the ongoing startup activities. Consistent with NSPS Subpart Ja, the facility will evaluate these events and prepare a root cause analysis (RCA) if needed.

Sweeney CEMS

The Phillips 66 Consent Decree contains provisions requiring CEMS to be used to demonstrate consent decree compliance with certain Consent Decree based emission limits. These requirements are found in the following paragraphs:

FCCU NOx	Paragraph 54
FCCU SO ₂	Paragraph 73
FCCU CO	Paragraph 86
Heater and Boiler NOx	Paragraph 109

Additionally, paragraph 279B requires the Refinery to report semi-annually any CEMS downtime over five (5) % in a quarter. The Refinery has had downtime periods greater than 5% for one or more CEMS due to the Hurricane preparation and plant restoration activities. To date, the Refinery has exceeded the 5% downtime thresholds for the following NSPS covered heaters:

1. U25.1 Sour Crude Unit Charge Heater (EPN 25.1-36-1) – NOx analyzer
2. U14 Reformer Heater (EPN 14-36-3) - H₂S analyzer

The facility is preparing more specific information on this issue and will provide it in a future update.

Alliance: The August 30th letter also noted the Phillips 66 Alliance Refinery located south of New Orleans, Louisiana could experience problems due to Hurricane Harvey but that at that point it was too early to know. The Refinery has confirmed that it did not have any hurricane-related issues requiring a force majeure notice.

As always, Phillips 66 is willing to discuss these events and this request at your convenience.

Respectfully submitted,



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